

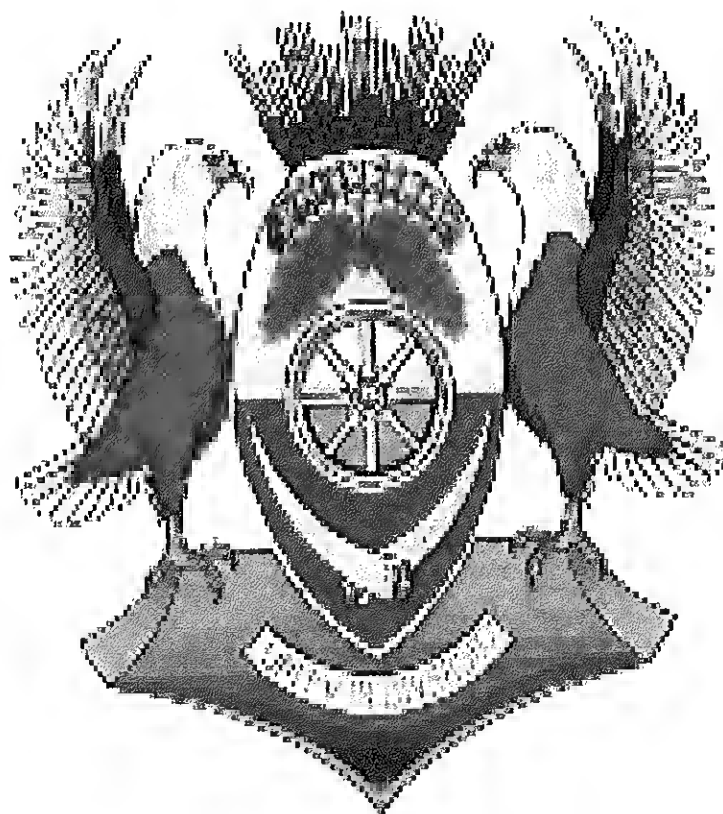
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# MOPANI DISTRICT MUNICIPALITY

## FINAL BUDGET AND SUPPORTING DOCUMENTATION



### Vision

To be a food basket of Southern Africa and a tourism destination of choice

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## **PART 1 – FINAL BUDGET**

### **1.1 MAYOR'S SPEECH**

The report is attached

### **1.2 COUNCIL RESOLUTIONS**

On the 31st May 2016 Council of Mopani District Municipality met to consider the final budget of the municipality for the financial year 2016/17. The Council discussed the budget and the following resolutions were adopted:

1. The Council of Mopani District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The final budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type;
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained Mopani District Municipality 2016/17 Final budget and MTREF
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, assets management and basic service delivery targets are approved as set out in the following tables:

- 1.2.1. Budgeted Financial Position
  - 1.2.2. Budgeted Cash Flows
  - 1.2.3. Cash backed reserves and accumulated surplus reconciliation
  - 1.2.4. Asset management and
  - 1.2.5. Basic service delivery measurement
2. The Council of Mopani District Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approved and adopts with effect from 1 July 2016 the tariffs for water and sewerage as per annexure (Greater Tzaneen, Greater Letaba, Greater Giyani, Ba-Phalaborwa and Maruleng), unmetered yards in villages, fire services and sale of tender documents.

## **1.3 Executive Summary**

The application of sound financial planning and financial management principles are very critical in achieving the Municipality's financial objectives

The following were the challenges experienced during the compilation of the 2016/17 MTREF

- The ongoing difficulties in the national and local economy
- Ageing and poorly maintained water infrastructure
- The need to reprioritise projects and expenditure within the existing available resources taking into account the current cash flow realities and declining cash position of the municipality.
- The increased cost of bulk water and electricity (due to tariff increases from Lepelle Northern Water and Eskom), which is placing upward pressure on service tariffs to residents.
- Affordability of capital projects considering that the Municipality is predominantly rural with no infrastructure.
- Affordability of legal costs.
- Fully taking over the staff and liabilities from DWA.
- Fully taking over the staff and liabilities of the Environmental Health staff and
- Cost effective tariff implementation on residents.



The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF

- The 2015/2016 Adjustments budget priorities and targets, as well as the base line allocations contained in that Adjustments were used as the new baselines for the 2016/17 final budget
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity.
- Ensuring that service delivery and capital projects use labour intensive methods.
- Ensuring that service providers use labour intensive approaches.
- Supporting labour intensive LED projects.
- Participating fully in the Extended Public Works Programme, and
- Implementing interns programmes to provide young people with on the job training.

The following table is a consolidated overview of the proposed 2016/17 MTREF

**Table 1 Consolidated Overview of the 2016/17 MTREF**

Vote Description	Current Year 2016/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Total operating Revenue	1 351 697 877	1 351 698 000	1 396 020 250	1 519 894 908	1 634 931 828
Total operating Expenditure	1 524 914 714	1 524 915 000	1 512 960 548	1 643 385 614	1 526 174 848
Less Depreciation	173 216 837	173 217 000	184 687 757	196 138 398	207 710 563
Surplus/(Deficit) for the year	0	0	67 747 459	72 647 692	316 467 922

## 1.4 Operating Revenue Framework

The municipality derives its revenue mainly from grants and subsidies.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description	2016/17	2017/18	2018/19
	R	R	R
Equitable Share	686'633'000	760'874'000	832'073'000

EPWP	1'943'000	0	0
Financial Management Grant	1'460'000	1'795'000	2'050'000
Municipal Systems Improvement Grant	2'340'000	3'001'000	1'433'000
Municipal Infrastructure Grant	438'907'000	473'571'000	502'611'000
Rural Roads Asset Management Grant	2'049'000	2'186'000	2'186'000
LP-Health (EHP) Grant	13'574'000	14'232'000	15'059'000
Interest Earned	10'300'000	10'938'600	11'583'977
Services charges- Water and Sewage	237'720'250	252'132'828	266'701'207
Rent-Water Tower	54'000	60'000	65'000
Other Revenue	1'040'000	1'104'480	1'169'644
<b>Total</b>	<b>1'396'020'250</b>	<b>1'519'894'908</b>	<b>1'634'931'828</b>

The table below illustrate the breakdown of the service charges of water and sewage per local municipality

	R	R	R
Ba-Phalaborwa - Water	113'929'411	120'993'034	128'131'624
Ba-Phalaborwa - Sewerage	21'031'674	22'335'638	23'653'440
Greater Giyani – Water	9'979'176	10'597'885	11'223'160
Greater Giyani - Sewerage	2'976'281	3'151'882	3'328'387
Greater Letaba – Water	8'084'008	8'520'544	8'980'654
Greater Letaba – Sewerage	3'857'389	4'065'688	4'285'235
Greater Tzaneen – Water	61'210 406	64'821'820	68'451'842
Greater Tzaneen – Sewerage	12'662'138	13'409'204	14'160'120
Maruleng – Water and Sewerage	3'989'767	4'237'133	4'487'123
<b>Total</b>	<b>237'720'250</b>	<b>252'132'828</b>	<b>266'701'585</b>

Included in the above table which illustrate the services charges on water and sewage are interest on outstanding debtors from local municipalities.

Municipality	2016/17	2017/18	2018/19
	R	R	R
Ba-Phalaborwa-Water	17'518'490	18'604'636	19'702'310
Ba-Phalaborwa-Sewerage	3'634'101	3'859'415	4'087'121
Greater Giyani- Water	1'480'049	1'571'812	1'664'549
Greater Giyani-Sewerage	275'183	291'419	307'738
Greater Letaba – Water	2'502'757	2'637'906	2'780'353
Greater Letaba – Sewerage	422'401	445'211	469'252
Greater Tzaneen – Water	4'000'000	4'236'000	4'473'216
Greater Tzaneen - Sewerage	600'000	635'400	670'982
Maruleng – Water & Sewerage	26'614	28'264	29'932
<b>Total</b>	<b>30'459'595</b>	<b>32'310'063</b>	<b>34'185'453</b>

### **Sale of water and impact of tariff increases**

Mopani District Municipality is a Water Services Authority and has appointed the local municipalities as Water Service Providers. In addition to the local municipalities been appointed as water service providers, the Lepelle Northern Water has also been appointed by.... to do water provisioning in other areas of the district. Water Service Level Agreements have been signed, involved in water service provisioning.

The tariffs policy and indigent policy form part of the budget related policies presented to Council to give effect to the effective implementation of all issues mentioned above.

The bulk supply of water is carried out by Lepelle Northern Water using Politsi, Modjadji, and Ba-Phalaborwa and Nkowankowa schemes.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation an average tariff increase across the board of 6.6 percent upper boundary of the South African Reserve Banks inflation target. In addition 6kl of water per month is granted free of charge to all indigents household.

### **Sanitation and impact of Tariff Increases**

A tariff increase of 6.6 per cent for sanitation from 1 July 2016 is proposed. This is based on the input cost assumptions related to water.

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below and,
- Free sanitation is applicable to registered indigents.

	Service Rendered	Unit	Remarks	Tariff	VAT		VAT
					Yes	No	
1	Consumers who are not metered but have yard connections and getting water from standpipes supplied from surface or ground water (boreholes).	Per Month	Including informal settlements				
	7 days per week of receiving or supplied with water	Per Month		64.20		No	73.19
	4 - 5 days per week of receiving or supplied with water	Per Month		45.86		No	52.28
	3 - 4 days per week of receiving or supplied with water	Per Month		36.69		No	41.82
	2 - 3 days per week of receiving or supplied with water	Per Month		27.51		No	31.37
	0 - 2 days per week of receiving or supplied with water	Per Month		0.00		No	0.00
2	Delivery of Bulk potable water via Tanker (Ad-Hoc Service only)	Per KI	To private and public properties. Service subject to the availability of tankers. This service does not cater free KI	3.21		No	3.66
	Schools	Per KI	Public and Private Schools including nursery schools	2.83		No	3.23
	Clinics and Health Centres	Per KI	Public health facilities	2.83		No	3.23
	Private Clinics	Per KI	Private Practices	3.21		No	3.66
3	Water Consumption Metered						
	Water for Domestic use		Water which is used predominantly for domestic purposes and supplied to single residential properties				
	Step 1 (>0 ≤ 6KI)	Per KI	This is applicable to indigent households only	0.00		No	0.00
	Step 2 (>6 ≤ 10.5KI)	Per KI		3.21		No	3.66
	Step 3 (>10.5 ≤ 20KI)	Per KI		4.98		No	5.67
	Step 4 (>20 ≤ 35KI)	Per KI		8.67		No	9.88
	Step 5 (>35 ≤ 50KI)	Per KI		10.69		No	12.19
	Step 6 (>50KI)			13.93		No	15.88

4	Commercial	Per Kl	Water Supplied to premises predominantly of a commercial nature	6.42		No	7.32
6	Industrial	Per Kl	Water which is used for construction and manufacturing	6.42		No	7.32
7	Government	Per Kl	Municipal buildings, Provincial Departments, and National,	6.42		No	7.32
8	Schools/ Sport bodies /churches / charities / old age homes	Per Kl	Any educational activity, religious and / or sporting body	4.98		No	5.68
9	Miscellaneous	Per Kl	All consumers who do not fall within the above categories, including Hydrant Standpipes	6.42		No	7.32
10	Bulk Tariff	Per Kl	Bulk supply to Municipalities or Appointed Water Services Providers for cost recovery	3.21		No	3.66
11	Temporary Connections						
	Temporary Connection Deposit	Non Refundable	For use with temporary connections installed for development and construction purposes. Standard "New connection " Tariff for development and construction	5 401.51		No	6 157.72

	New Permanent Water Connections Complete		Water Management Devices installed on all new connections (15mm and 20mm).				
12	15mm New Permanent Water Connections Complete (stop cock + Meter box + conventional meter)		New connection for potable consumption	2 535.01		No	2 889.91
	20mm New Permanent Water Connections Complete (stop cock + Meter box + conventional meter)		New connection for potable consumption	3 116.43		No	3 552.73
	25mm New Permanent Water Connections Complete (stop cock + Meter box + conventional meter)		New connection for potable consumption	5 068.02		No	5 777.54
	40mm New Permanent Water Connections Complete (stop cock + Meter box + conventional meter)		New connection for Development and construction	8 463.92		No	9 648.87
	50mm New Permanent Water Connections Complete (stop cock + Meter box + conventional meter)		New connection for Development and construction	13 128.01		No	14 965.93
	New Permanent Water Connections Complete above 50mm						
13							
	80mm complete (chamber + fittings + meter)			42 022.54		No	47 905.70
	100mm complete (chamber + fittings + meter)			50 946.76		No	58 079.31
	150mm complete (chamber + fittings + meter)			75 680.96		No	86 276.29
	>150mm complete (chamber + fittings + meter)			Direct cost + R216.06 admin charge		No	
14	Sanitation						
	Waste water - Disposal at designated facility	Per KI	Sewerage Disposal	14.09			16.06
	Chemical Toilet - Disposal at designated facility	Per KI	Sewerage Disposal	32.88			37.48
	100mm connections by Developer (first connection)		New connection	960.53			1 095.00
	150mm connections by Developer (first connection)		New connection	1 150.76			1 311.87



	New connections other sizes		New connection	Cost + R216.06 + Admin Charge			
	Government / Schools / Sport Bodies / Miscellaneous		Waste Water Disposal	139.72			159.28
	Residential Waste Water Disposal		Waste Water Disposal				

### Overall impact tariff increase on households

The following table shows the overall expected impact of the tariff increases on household, as well as indigent receiving free basic services. The percentage increase on tariffs is on average of 6.6 for the sale of tenders, these are the reviewed tariffs determined in terms of the approved tariff policy.

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no budget no spending.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure

33 Mopani - Table A4 Budgeted Financial Performance (revenue and expenditure)

description	Ref	2012/13	2013/14	2014/15	Current Year 2016/16				2016/17 Budget	Medium Term Expenditure Framework
thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	BY 2
<b>Expenditure By Type</b>	-	222	207	348	369	353	353		367	
Employee related costs	2	441	053	598	599	324	324	-	841	3
Remuneration of councillors		8	8	10	12					
		217	380	398	038	13 199	13 199	-	13 297	
Debt impairment	3	41	21	19	12					
		522	799	856	400	20 077	20 077	-	23 582	
Depreciation & asset impairment	2	137	163	137	173	173	173		184	
		763	687	369	253	253	253	-	688	1
Finance charges		503	608	650	-	-	-	-	-	
Bulk purchases	2	39	252	143	193	135	135		175	
		906	495	581	191	399	399	-	887	7
Other materials	8	85	120	103	86	202	202			
		228	164	060	111	383	383	-	95 288	
Contracted services		23	29	11	12					
		555	858	786	177	13 198	13 198	-	10 877	
Transfers and grants		4	3							
		053	745	-	-	-	-	-	-	
Other expenditure	4,	184	99	118	151	156	156		192	
	5	805	359	991	610	085	085	-	653	7
Loss on disposal of PPE		10								
		620	290	-	-	-	-	-	-	
Total Expenditure		768	907	894	1 010	1 066	1 066	-	1 063	
		610	238	276	278	916	916		921	5

## Summary of operating expenditure by standard classification item

The budgeted allocation for employee related costs for the year 2016/17 financial year totals to R367.6 million, which equals to 35 per cent of the total operating expenditure.

- The South African Local Government Bargaining Council recently entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent*

- *2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent*
- *2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent*
- Municipalities are advised to budget for the actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published on 21 December 2015 by the Department of Cooperative Governance.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. For the 2016/17 financial year this amount equates to 184.6 million and increase to 207.7 million by 2018/19. While this expenditure is considered to be a non-cash item as well as the municipality's realistically anticipated revenues.

Bulk purchases are directly informed by the purchase of water from Lepelle Northern Water and the Department of Water Affairs. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. For the 2016/17 financial year this amounts equates to 175.8 million, 186.7 million and 197.7 million in 2018/19 respectively.

Other materials comprise of amongst others the materials for repairs and maintenance for vehicles. For 2016/17 the appropriation for this group of expenditure totals to R95.2 million and compares 9.0 percent of the total operating expenditure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved, an increased has been made to other expenditure which is 18 percent of the total operating budget of 2016-2017.

## **Priority given to repairs and maintenance**

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the budget and MTREF provide for extensive growth in the area of asset maintenance as informed by the asset renewal strategy and repairs and maintenance plan from the municipality.

During the compilation of the budget, operational repairs and maintenance was identified as a strategic imperative owing to the aging of municipal infrastructure and historic deferred maintenance.

Due to financial constraints, the municipality could not provide adequately for the repairs and maintenance of property, plant and equipment.

## **Free Basic Services: Basic Social Services Package**

The Mopani District Municipality provides as part of its basic social services package, both free basic water of 6kl and free sanitation for all indigent households per month.

## **1.6 Capital Expenditure**

The total capital budget for the 2016/2017 financial year amounts to R449'284'255 of which R423'457'855 is for municipal infrastructure grant, representing 94.25 percent of total capital budget. Other capital projects amount to R25'826'400 which include amongst others Borehole development, vehicles and other administrative equipment.

Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset

class. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

#### **Future operational cost of new infrastructure**

The infrastructure development done is mainly in the rural areas and presently there is no revenue collection done at these areas hence no operational cost of new infrastructure.

### **1.7 Annual Budget Tables – Mopani District Municipality**

See attached copy of A1 schedule which represents the ten main budget tables (Table A1 to Table A10) as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council.

#### **1.7.1. Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the

Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance  
(revenue and expenditure by standard classification)**

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for Water and Sanitation. This situation is due to distribution losses, debt impairment and salaries and allowances of personnel operating in rural areas where there is no billing. The tariffs for local municipalities are also not cost reflective. The revenue generated is less than the expenditure.

**1.7.2. Explanatory notes to MBRR Table A3 - Budgeted Financial Performance  
(revenue and expenditure by municipal vote)**

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

**1.7.3. Explanatory notes to Table A4 - Budgeted Financial Performance (revenue  
and expenditure)**

## **Explanatory notes to Table A6 - Budgeted Financial Position**

Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

Table SA3 provides a detailed analysis of the major components of budgeted financial position items, including:

- Property, plant and equipment;
- Consumer debtors
- Trade and other payables;
- Call investment deposit
- Changes in net assets; and

The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

#### **1.7.7. Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. Cash and cash equivalents totals for 2016/2017 amounts to R122 million.

#### **1.7.8. Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded. As indicated in Table SA 10, the Mopani District Municipality's budget is fully funded for the 2016/2017 financial year.

#### **1.7.9. Explanatory notes to Table A9 - Asset Management**

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class. An amount of R202 million will be spend on new assets in the 2016/2017 financial year while an amount of R216 million will be spend on renewal of existing assets.



#### **1.7.10. Explanatory notes to Table A10 - Basic Service Delivery Measurement**

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services. As indicated in the Mayor's Report, the Municipality continues to make good progress with the eradication of backlogs with sanitation backlog being targeted. The new statics information shows that the households have increased with around 25 percent from the previous statistics, hence the increase in backlogs.

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## **2. Part 2 – Supporting Documentation**

### **2.1 Overview of the annual budget process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Head of Finance Portfolio Committee.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### **Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015) a time schedule that sets out the process to revise the IDP and prepare the budget.

#### **Content of the Municipality IDP process plan**

- Phases and activities of the IDP process
- Structures that will manage the planning process and their respective roles

- Public/community participation or involvement
- Time schedule for the planning process
- Roles and responsibilities for participants
- Monitoring of the process

## **MOPANI DISTRICT MUNICIPALITY**

### **2015/16 FOR IDP/BUDGET/PMS PROCESS PLAN**

#### **PHASES/STAGES OF THE IDP PROCESS**

The table below shows the phases/stages of the IDP process and activities entailed for the Review of 2015/16 IDP.

#### **INTRODUCTION**

Section 25 of the Municipal Systems Act stipulates that each council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality.

Section 34 prescribes that a municipal council:

- (a) must review its integrated development plan-
  - (i) annually in accordance with an assessment of its performance measurements in terms of section 41, and
  - (ii) to the extent that changing circumstances so demand
- (b) May amend its integrated development plan in accordance with a prescribed process.

Section 28 (1) of the Municipal Systems Act of 2000, stipulates that each municipal council must adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan.

This document therefore seeks to explain the process that council of Mopani District Municipality is to undertake in preparing for its IDP and Budget for the 2016/17 financial year by reflecting on legislative framework, activities to be undertaken and dates and target groups/stakeholders and role players of the process.

## INSTITUTIONAL FRAMEWORK AND ROLES/RESPONSIBILITIES DURING THE IDP/BUDGET REVIEW PROCESS

Structures	Composition	Terms of reference
Municipal Manager/IDP Manager	Municipal Manager/ Planning Executive Manager/IDP Manager	<ul style="list-style-type: none"> <li>- Daily coordination and overall management of the planning process</li> <li>- Stakeholders' involvement</li> <li>- Responsible for crafting of the IDP</li> <li>- Ensures that the planning process is participatory, strategic and implementation oriented and is aligned with sector planning requirements</li> <li>- Ensures proper documentation of the results of the planning of the IDP document</li> <li>- Ensures time frames are adhered to</li> <li>- Ensures linkages between IDP priorities and budget processes</li> <li>- Chairs the IDP steering committee meetings</li> </ul>
IDP/Budget/PMS Steering Committee	<ul style="list-style-type: none"> <li>- Planning and LED Portfolio committee members/ Budget and Treasury Portfolio Chairperson, Infrastructure Cluster Portfolio Chairperson</li> <li>-Municipal Manager</li> </ul>	<ul style="list-style-type: none"> <li>- Provide relevant technical, sector and financial information and support for the review process.</li> <li>- Prepares the IDP/Budget/PMS review process plan</li> <li>- Summarizes and process inputs from public participation</li> <li>- Translation of broad community issues into priorities into outcome based programs and projects.</li> </ul>

	<ul style="list-style-type: none"> <li>- Executive Managers</li> </ul>	<ul style="list-style-type: none"> <li>-Responsible for drafting and monitoring of implementation of IDP and Budget</li> <li>- Provides inputs related to various stages of planning and budgeting</li> <li>- Proposes prioritization and sequencing of projects for implementation</li> </ul> <p>Proposes Draft IDP and Budget for adoption</p>
Municipal Council	All Councilors	<ul style="list-style-type: none"> <li>-Considers and adopts the IDP/Budget/PMS review process plan</li> <li>- Responsible for the final adoption of the IDP, Budget and service delivery implementation plan</li> </ul>
Ward Councilors	Councillors representing wards	<ul style="list-style-type: none"> <li>- Link municipal planning process to their wards</li> <li>- Organize public participation meetings</li> <li>- Ensure that annual Community/Ward Based Plans are linked to and based on the IDP process</li> </ul>
DP representative forum	<ul style="list-style-type: none"> <li>-Residents' Organisations</li> <li>-Sector departments</li> <li>- Ward committees</li> <li>- Executive committee members</li> <li>- Other stakeholder representative</li> </ul>	<ul style="list-style-type: none"> <li>-Represent the interests of various constituencies in the IDP review process.</li> <li>- Ensure stakeholder inputs are included in the IDP process</li> <li>- Coordination and alignment in planning and service delivery</li> <li>- Monitor the performance of the planning and implementation process</li> </ul>

## **Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Policy priorities and strategic objectives;
- Asset maintenance;
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns);
- Performance trends;
- The approved 2015/16 adjustments budget and performance against the SDBIP;
- Cash flow management strategy;
- Debtor payment levels;
- Loan and investment possibilities;
- The need for tariff increases versus the ability of the community to pay for services; and
- Improved and sustainable service delivery.

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79 and the cost containment measures has been taken into consideration in the planning and prioritisation process.

## **PUBLIC PARTICIPATION**

One of the main features about the integrated development planning process is the involvement of community and stakeholder organizations in the process. Participation of the affected and interested parties ensures that the IDP addresses the real issues that are experienced by the citizens of the municipality. The municipality will therefore:

- Conduct stakeholder identification exercise
- Ensure that the IDP representative Forum is the core structure that will provide direct representation of stakeholders in driving the IDP process

- Ensure that every phase of the planning process should allow public debates, recommendations and/or decisions that will guide the Council in its independent decision-making platform
- Arrange IDP meetings at a convenient venue and time
- Ensure participation of marginalized groupings

Areas of focus are in the identification of strategic development priorities as well as prioritizing resource allocation to programmes and projects.

## **2.2 Monitoring and Evaluation of process plan**

Mopani District Municipality will be responsible for monitoring its own IDP/Budget Process Plan and ensure that is being followed as approved. The municipal IDP office must check and report compliance to intergovernmental structures for support interventions. This process will also be linked to the SDBIP reporting cycle as adopted by the Mayor.

## **2.3 Overview of alignment of annual budget with IDP**

**Alignment** is one of the core principles of Co-operative Governance as enshrined in chapter 3 of the Constitution.

As provided for in Section 25 of the Municipal Systems Act 32/2000, the following milestones of alignment should be attained:

- Budgeting process of the municipality should be aligned with the IDP process in the way that allocation would be informed by the priorities and objectives emanating from the IDP
- National, Provincial Departments and District programmes or projects at the municipal level should be aligned with the municipal development priorities and objectives
- All developmental Initiatives by anyone should only be approved on the basis that they find expression in the priorities and objectives of the IDP.



One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Updating baseline information to ensure sound decision-making in addressing service delivery gaps;
- Meeting the national targets in terms of service provisioning;
- Responding to key issues raised in the 2012 State of the Nation Address "growth and jobs creation", the Province Address, "acceleration of service delivery and job creations" and the Municipal Mayor's address
- Aligning Sector Departments' strategic plans to the municipality service delivery programmes;
- Strengthening focused Community and stakeholder participation in the IDP processes;
- Meeting targets in terms of the KPAs of the local government strategic agenda;
- Responding to the Community priorities for 2012/16 as reflected in the matrix on pages
- Responding to issues raised during the municipality Assessment (SWOT);

## **2.4 Measurable Performance Objectives and Indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organizational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last

year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monthly monitoring and checking on the progress against plan;
- Identifying areas requiring change and improvement;
- Quarterly reporting to council; and
- Making changes where necessary.

#### **Free basic services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. All qualifying indigent's households receive 6 kl per month of free basic water and free sanitation as per indigent policy of the municipality. The cost of providing bulk water is R3.66 per kl.

## **2.5 Overview of Budget Related Policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

#### **Review of credit control and debt collection procedures/policies**

- The Reviewed Collection Policy was applied by Council and adopted in May 2016, the policy is credible, sustainable, manageable and informed by affordability and value for money.

### **Asset Management Policy**

- The Asset Management, Infrastructure and Funding Policy is considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. The policy was adopted in May 2016/2017 financial year.

### **Budget Related Policy**

- The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilized to ensure that underperforming functions are identified and funds redirected to performing functions.

### **Supply Chain Management Policy**

- The goal of this Policy is to provide a mechanism to ensure sound, sustainable and accountable supply chain management within the Mopani District Municipality, whilst promoting black economic empowerment.
- The Supply Chain Management Policy was reviewed and adopted by council.

### **Cash Management and Investment Policy**

- The Municipality's Cash Management and Investment Policy were reviewed and adopted by the council. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves.

### **Tariff Policies**

- The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy was reviewed and adopted by Council.

### **Indigent policy**

- The indigent policy seeks to balance the immediate needs of the poor population to have access to affordable basic services with the long term implications of failure to implement remedial measures coupled with the provision of affordable services to indigents in a financially viable manner. The policy was reviewed and adopted by council.

#### **Virement policy**

- The purpose of this policy is to provide a framework whereby transfers between line items within votes of the operating budget may be performed with the approval of certain officials. The policy was reviewed and adopted by council.

#### **Inventory policy**

- The purpose of this policy is to ensure that all the inventory management processes relating to purchasing, issuing and control are formalised. The policy was reviewed and adopted by council.

#### **Support to traditional leaders policy**

- The purpose of this policy is to provide guidance to the municipality on the support to be provided to the traditional leaders within the district jurisdiction. The policy was reviewed and adopted by council.

#### **Fleet management policy**

- The purpose of this policy is to clarify the position regarding the municipal vehicles. This covers the use of municipal vehicles within the municipality and inter alia the use of municipal vehicles permanently allocated to a specific department. The policy was reviewed and adopted by council.

## 2.6 Overview of Budget Assumptions

### External factors

- The 2016 Budget Review notes that since the tabling of the Medium Term Budget Policy Statement (MTBPS) in October 2015 the global economic crisis has deepened, exposing the depth of South Africa's external vulnerabilities and the internal constraints that limit its potential for growth. Global conditions have exposed South Africa's own economic weaknesses, with projected GDP growth revised down to 0.9 per cent for 2016 improving gradually to 1.7 per cent in 2017 and 2.4 per cent in 2018.
- Job creation remains one of the most pressing concerns for the economy. Headline employment grew by 3.7 per cent in the first three quarters of 2015. According to Statistics South Africa, 19 000 jobs were created in the formal sector and 273 000 in the informal sector in the first three quarters of 2015.

### 2.6.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and

The increase in the cost of remuneration. Employee related costs comprise 35 per cent of total operating expenditure in the 2016/17 MTREF. The South African Local Government Bargaining Council recently entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The Municipality have considered this Salary and Wage Agreement preparing their 2016/17 MTREF budgets.

## **Collection rate for revenue services**

The debt impairment as indicated in the budget seeks to indicate that more efforts need to be put in the collection process.

## **Impact of national, provincial and local policies**

- Integration of service delivery between national, provincial and local government is critical to ensure focused service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:
  - Creating jobs;
  - Enhancing education and skill development;
  - Improving Health services;
  - Rural development and agriculture; and
  - Fighting crime and corruption.

### **Ability of the municipality to spend and deliver on the programmes**

- It is estimated that a spending rate of at least 98 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

## **2.7 Overview of Budget Funding**

### **Cost containment measures**

In the 2016 State of the Nation Address by the President, the cost containment measures announced by the Minister of Finance in 2013 were re-emphasised. It was highlighted that excessive and wasteful expenditure has been reduced, but there is still more to be done to cut wastage.

Circular 80 was considered when budgeting for 2016/2017 MTREF.

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;

- Revenue management and enhancement;
- Achievement of annual collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;

## 2.8 Expenditure on Grants and Reconciliations of Unspent Grants

- MBRR Table SA19 Expenditure on transfers and grant programme

Mopani - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Review & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year 2018/19
<b>Expenditure:</b>	1									
<b>Expenditure on Transfers</b>										
<b>Transfers to Government:</b>		493	519	602	635	646	646	692	765	
Local Government:		340	241	416	448	416	416	376	670	556
Local Government Equitable Share		463	504	561	631	631	631	686	760	
Police Management		410	909	080	553	553	663	633	874	073
Police Management		1	1	1	1	1	1	1	1	
Municipal Systems Improvement		250	250	250	325	325	325	460	795	050
Municipal Systems Improvement		1						2	3	
Water Services Operating Subsidy		000	890	934	940	940	940	340	001	433
Water Services Operating Subsidy		23		25						
Water Services Operating Subsidy		872	—	000	—	—	—	—	—	—
Water Services Operating Subsidy		3	1	2	1	1	1	1		
Water Services Operating Subsidy		808	000	195	630	630	630	943	—	—
Water Services Operating Subsidy			11	11						
Water Services Operating Subsidy		—	192	957	—	—	—	—	—	—
Water Services Operating Subsidy						10	10			
Water Services Operating Subsidy		—	—	—	—	968	968	—	—	—
Water Services Operating Subsidy		—	—	—	—	152	152	—	—	—
Water Services Operating Subsidy		—	—	—	—	—	—	—	—	—
Water Services Operating Subsidy		—	—	—	—	—	—	—	—	—



		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Biosphere Grant		-	-	-	-	152	152	-	-	-
ict Municipality:		-	-	-	-	-	-	-	-	-
insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
or grant providers:		-	-	-	-	6	6	13	14	
		-	-	-	-	705	705	574	232	059
SETA		-	-	-	-	-	-	-	-	-
		-	-	-	-	6	6	13	14	
- Health( EHP)		-	-	-	-	705	705	574	232	059
operating expenditure of		493	519	602	635	653	653	705	779	
ers and Grants:		340	241	416	448	273	273	950	902	615
<u>Expenditure of Transfers and</u>										
		247	375	609	497	350	350	440	475	
ional Government:		464	387	721	321	773	773	956	757	797
municipal Infrastructure Grant		218	348	429	445	298	298	438	473	
		346	976	490	152	437	437	907	571	611
		19		134	50	50	50			
regional Bulk Infrastructure		076	-	915	168	168	168	-	-	-
ral Transport Services and		2	1	1	2	2	2	2	2	
ucture		275	006	995	001	169	169	049	186	186
		7								
regional Bulk Infrastructure		767	-	250	-	-	-	-	-	-
			8							
ral Households Infrastructure		-	500	-	-	-	-	-	-	-
municipal water Infrastructure		-	16	43						
		-	906	071	-	-	-	-	-	-
		11								
incial Government:		889	-	-	-	-	-	-	-	-
		11								
PLG7 H-Nandoni		889	-	-	-	-	-	-	-	-
ict Municipality:		-	-	-	-	-	-	-	-	-
insert description]		-	-	-	-	-	-	-	-	-

		-	-	-	-	-	-	-	-	-
ir grant providers:		282	-	-	-	-	-	-	-	-
SETA		282	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
capital expenditure of		259	375	609	497	350	350	440	475	
ers and Grants		635	387	721	321	773	773	956	757	797
EXPENDITURE OF		752	894	1 212	1 132	1 004	1 004	1 146	1 255	
ERS AND GRANTS		975	628	137	769	046	046	906	659	412

For 2016/17an amount of R686.6 million has been appropriated for equitable share,  
R760.8million in 2017/18 and R832.0 million in 2018/19.

## 2.9 Councillor and Employee Benefits

**Table MBRR SA22 - Summary councillor and staff benefits**

**DC33 Mopani - Supporting Table SA22 Summary councillor and staff benefits**

Summary of Employee and Councillor remuneration  R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 & E
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Bur Year 201
- <u>Councillors (Political Office Bearers plus Other)</u>	1	A	B	C	D	E	F	G
Basic Salaries and Wages		5	5	10	7			
		218	229	599	876	718	718	698
Pension and UIF Contributions		673	696	691	707	45	45	807
Medical Aid Contributions		38	71	98	104	-	-	104
		1	1	2	2			
Motor Vehicle Allowance		808	887	179	808	298	298	543
Cellphone Allowance								

		479	497	720	543	100	100	146
Housing Allowances		—	—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—
		8	8	14	12	1	1	
<b>Sub Total - Councillors</b>		<b>217</b>	<b>380</b>	<b>287</b>	<b>038</b>	<b>160</b>	<b>160</b>	<b>297</b>
% increase	4		2,0%	70,5%	(15,7%)	(90,4%)	—	046
<b><u>Senior Managers of the Municipality</u></b>	2							
		3		5	4	4	4	
Basic Salaries and Wages		928	362	283	895	895	895	097
				2				
Pension and UIF Contributions		452	35	239	300	300	300	71
Medical Aid Contributions		—	13	—	79	79	79	—
Overtime		—	—	—	—	—	—	—
Performance Bonus		119	—	—	—	—	—	—
		1		1	2	2	2	
Motor Vehicle Allowance	3	411	145	903	155	155	155	166
Cellphone Allowance	3	—	6	73	72	72	72	
					1	1	1	
Housing Allowances	3	—	34	—	158	158	158	399
Other benefits and allowances	3	43	5	—	608	608	608	70
Payments in lieu of leave		—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Municipality</b>		<b>5</b>		<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	
		<b>953</b>	<b>599</b>	<b>478</b>	<b>266</b>	<b>266</b>	<b>266</b>	<b>804</b>
				1				
% increase	4		(89,9%)	482,1%	(2,2%)	—	—	5,8'
<b><u>Other Municipal Staff</u></b>								
		137	156	150	231	214	214	
Basic Salaries and Wages		115	157	875	619	054	054	345
		22	24	25	44	44	44	
Pension and UIF Contributions		447	132	562	668	668	668	759

		7	8	7	21	21	21	
Medical Aid Contributions		500	628	203	303	303	303	805
		14	13	17	17	35	35	
Overtime		878	880	933	398	467	487	918
Performance Bonus		494	—		108	108	108	—
		3	11	12	18	18	18	
Motor Vehicle Allowance	3	521	964	881	198	198	198	272
Cellphone Allowance	3	40	—	63	67	67	67	79
		7	7	6	10	10	10	
Housing Allowances	3	567	122	703	279	279	279	819
		5	5	10	12	12	12	
Other benefits and allowances	3	953	174	850	554	554	554	845
		2		8				
Payments in lieu of leave		102	—	373	—	—	—	421
Long service awards		135	425	281	558	558	558	574
		20						
Post-retirement benefit obligations	6	689	—	936	—	—	—	—
		222	227	241	356	357	357	
<b>Sub Total - Other Municipal Staff</b>		<b>441</b>	<b>482</b>	<b>658</b>	<b>753</b>	<b>257</b>	<b>257</b>	<b>837</b>
<b>% Increase</b>	<b>4</b>		<b>2,3%</b>	<b>6,2%</b>	<b>47,6%</b>	<b>0,1%</b>	<b>—</b>	<b>0,2'</b>
		236	236	265	378	367	367	
<b>Total Parent Municipality</b>		<b>611</b>	<b>461</b>	<b>423</b>	<b>057</b>	<b>684</b>	<b>684</b>	<b>938</b>

<i>Water</i>		-	-	-	-	-	-	-
<i>Sanitation</i>		-	-	-	-	-	-	-
<i>Refuse</i>		-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-
Clerks (Clerical and administrative)		-	-	-	-	-	-	-
Service and sales workers		-	-	-	-	-	-	-
Skilled agricultural and fishery workers		-	-	-	-	-	-	-
Craft and related trades		-	-	-	-	-	-	-
Plant and Machine Operators		-	-	-	-	-	-	-
Elementary Occupations		-	-	-	-	-	-	-
<b>TOTAL PERSONNEL NUMBERS</b>	<b>9</b>	<b>918</b>	<b>836</b>	<b>71</b>	<b>826</b>	<b>793</b>	<b>39</b>	<b>748</b>
<b>% Increase</b>					(10,0%)	(5,1%)	(45,1%)	(9,4%)
total municipal employees headcount	6,10	-	-	-	-	-	-	-
Finance personnel headcount	8,10	-	-	-	-	-	-	-
Human Resources personnel headcount	8,10	-	-	-	-	-	-	-

## 2.10 Monthly Targets for Revenue, Expenditure and Cash flow

See attached copy of the Annual Budget for the following tables

- TABLE MBRR SA25 - Budgeted monthly revenue and expenditure – see attached copy of the Annual Budget
- TABLE MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)
- TABLE MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

**Numbers**

Summary of Personnel Numbers	Ref	2014/15			Current Year 2015/16			Budget
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions
<b>Municipal Council and Boards of Municipalities</b>								
Councillors (Political Office Bearers plus Other Councillors)		57	9	48	57	47	10	—
Board Members of municipal entities	4	—	—	—	—	—	—	—
Municipal employees	5	—	—	—	—	—	—	—
Municipal Manager and Senior Managers	3	8	—	6	6	—	6	8
Other Managers	7	—	—	—	—	—	—	—
Professionals		853	827	17	763	746	23	740
<i>Finance</i>		51	45	6	39	33	6	36
<i>Spatial/town planning</i>		11	2	—	11	2	6	11
<i>Information Technology</i>		1	1	—	1	1	—	1
<i>Roads</i>		6	4	2	6	4	—	6
<i>Electricity</i>		2	2	—	2	2	2	2
<i>Water</i>		561	561	—	492	492	—	472
<i>Sanitation</i>		—	—	—	—	—	—	—
<i>Refuse</i>		—	—	—	—	—	—	—
<i>Other</i>		221	212	9	212	212	9	212
Technicians		—	—	—	—	—	—	—
<i>Finance</i>		—	—	—	—	—	—	—
<i>Spatial/town planning</i>		—	—	—	—	—	—	—
<i>Information Technology</i>		—	—	—	—	—	—	—
<i>Roads</i>		—	—	—	—	—	—	—
<i>Electricity</i>		—	—	—	—	—	—	—

- TABLE MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)
- TABLE MBRR SA29 - Budgeted monthly capital expenditure (standard classification)
- TABLE MBRR SA30 - Budgeted monthly cash flow

## **2.11 Annual Budgets and SDBIPs – Internal Departments**

- Water Services Department

**Mopani District Municipality is a water service authority**

## **2.12 Contracts Having Future Budgetary Implications**

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **2.13 Capital Expenditure Details**

**See attached budget tables**

See attached copy of the Annual Budget for the following tables

- TABLE 48:MBRR SA 34a – Capital expenditure on new assets by assets class
- TABLE 49:MBRR SA 34b – Capital Expenditure on the renewal of existing assets by assets class
- TABLE 50:MBRR SA 34c – Repairs and maintenance expenditure by assets class
- TABLE 51: MBRR SA34d- Depreciation by assets classification
- TABLE 52:MBRR SA 35 – Future financial implications of the capital budget

- TABLE 53 :MBRR SA 36 – Detailed capital budget per municipal vote

## 2.14 Legislation Compliance Status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### 1. In year reporting

- Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

### 2. Internship programme

- The Municipality is participating in the Municipal Financial Management Internship programme and has employed 6 interns undergoing training in various divisions of the Budget and Treasury Department.

### 3. Budget and Treasury Office

- The Budget and Treasury Office has been established in accordance with the MFMA.

### 4. Audit Committee

- An Audit Committee has been established and is fully functional.

### 5. Service Delivery and Implementation Plan

- The detail SDBIP document is at a draft stage and will be finalized after approval of the 2016/17 MTREF in August 2016 directly aligned and informed by the 2016/17 MTREF.

### 6. Annual Report

- Annual report is compiled in terms of the MFMA and National Treasury requirements.



## **2.15 Other Supporting Documents**

See attached copy of the Annual Budget for the following supporting tables

- TABLE 55: MBRR SA 1 – Supporting detail to budgeted financial performance
- TABLE 56: MBRR SA 2 – Matrix financial Performance budget ( revenue source/expenditure type and department)
- TABLE 57: MBRR SA 3 – Supporting detail to statement of financial position
- TABLE 58: MBRR SA 9 – Social, economic and demographic statistics and assumptions
- TABLE 59: MBRR SA 32 – List of external mechanisms.

## **2.16 Municipal Manager's Quality Certificate**

The Municipal Manager's quality certificate

See attached Copy